



Inside Australian Online Shopping

2019 eCommerce Industry Update



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State of eCommerce

Sales events continued to have a strong influence in advancing the Australian eCommerce market in 2019. As we take a look at the 2019 financial year (FY19), we see solid growth in spending of \$29.3BN, up 20.8% year on year (YOY).¹

The trend has continued in the second half of FY19, albeit at a slower rate of 16.6% YOY. Volumes are expected to reach lofty heights as we move towards the largest shopping events of the year.

Conversely, retail spend (excluding cafes and restaurants) landed at \$279.1B, an increase of 3% YOY growth in FY19. Similarly, growth slowed in the first six months of 2019 to 2.8% YOY.²

Black Friday and Cyber Monday occurs a week later this year, making the 'Christmas holiday shop' all the more concentrated and hotly contested.

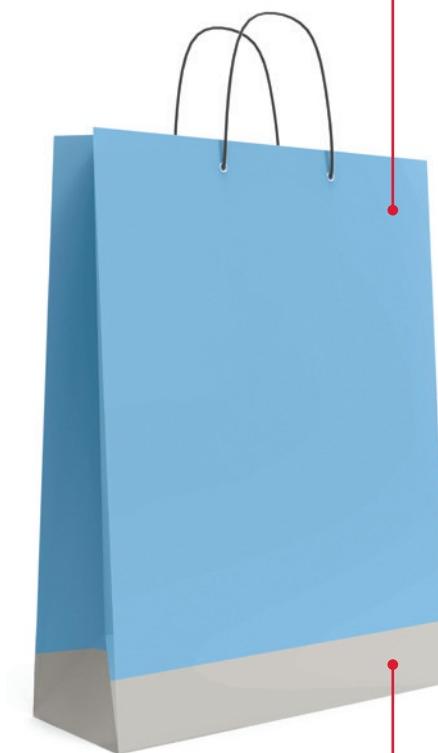
As shoppers prepare to take advantage of holiday shopping bargains, are you ready to secure your share of online shopping purchases?

For every retail dollar spent in Australia for FY19, ten and a half cents were spent online.

FY19 Retail spend

\$279.1B

3% YOY Growth



Online goods spend

\$29.36B

20.8% YOY Growth

¹ Online Physical Goods Index (produced by Quantum), 2019

² Australian Bureau of Statistics (ABS) retail turnover, 2019



Overview of top categories

When it comes to the number of purchases made online, the second half (H2) grew by 14% YOY. This was a gentle start, as the financial year landed at 15.7% growth YOY.

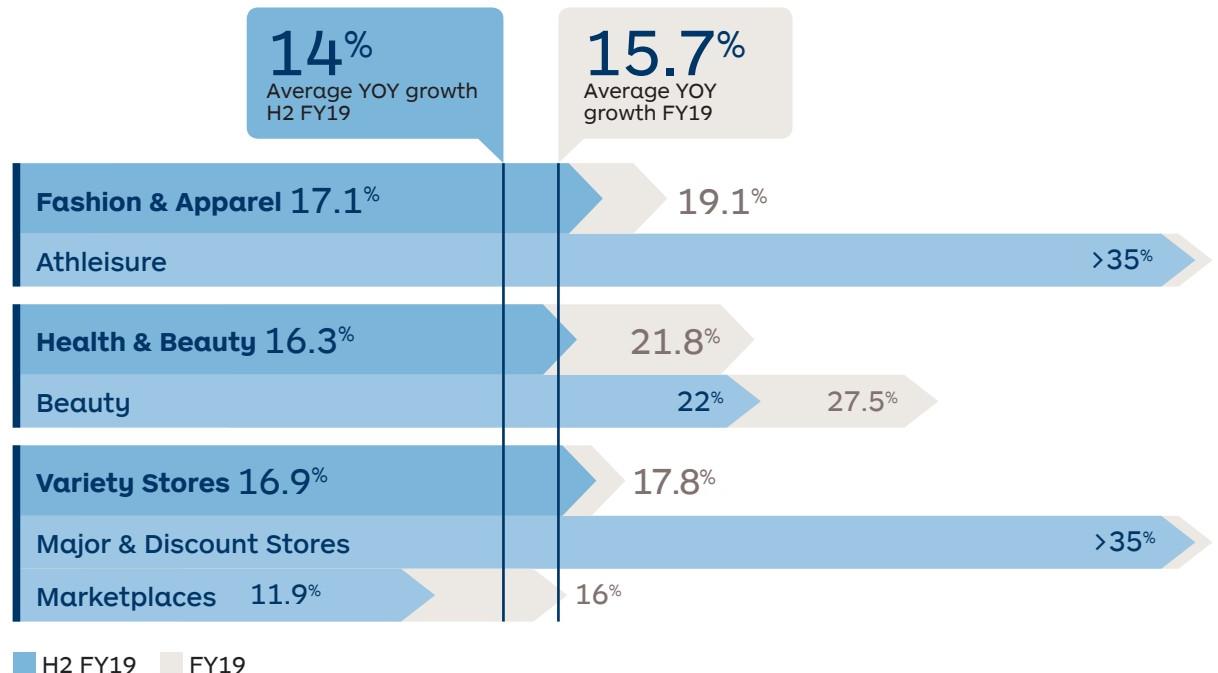
FY19

The top performers by growth were Health & Beauty (21.8%), Fashion & Apparel (19.1%) and Variety Stores (17.8%). Athleisure and Major & Discount Stores were the stand outs at over 35% YOY growth.

January to June 2019

The top performers were Fashion & Apparel (17.1%), Variety Stores (16.9%), Health & Beauty (16.3%) and Media (15%)

Online shopping growth



Key highlights



Fashion & Apparel stand outs were Athleisure and Footwear, with both growing over 35% YOY in FY19. Athleisure is an updated Activewear group which now includes brands that have pivoted to concentrate on Activewear, as well as some local brands which have expanded rapidly.



Women's Fashion slowed to 13.9% YOY in FY19, and even further in the first half of 2019 to 8.9% YOY. This was well below overall fashion growth in the same period, resulting in a loss of market share.



Beauty continued to grow rapidly, at 27.5% YOY. However, this has slowed to 21.8% YOY in the second half of FY19. This could be an indication of the category starting to normalise given the record growth in the last 18 months.



Although **Hobbies & Recreational Goods** grew at 6.3% YOY, the advent of large retailers in this sector growing their online presence has resulted in strong growth in Automotive Parts (10.9%), Outdoor & Camping Goods (12.5%) and Sporting Goods (15.7%).



Marketplaces grew in line with the national average, growing 16% YOY. However, thanks to a concerted effort in improving their online experiences, the big winners were **Major & Discount Stores** which grew over 35% YOY, also increasing their market share by 2.4 percentage points in the first half of 2019.



>35%

YOY growth for Major & Discount stores



Website traffic of top 100 eCommerce shopping sites

An analysis of the top 100 eCommerce shopping sites in Australia showed that the average monthly traffic in February to June was down 1% YOY.³

While overall traffic volume was down, certain categories still saw impressive YOY growth. Fashion & Apparel increased by 12%, Home & Garden increased by 19%, and Beauty & Wellness increased by 2%. All three categories saw the most growth coming from direct site visits and search traffic, indicative of strengthening brand awareness contributing to overall site performance.

General Online Marketplace remains the most visited category, receiving 58.3% of traffic to the top 100 shopping sites in Australia. However, YOY growth remained relatively stable. The top site was ebay.com.au, receiving 37% of traffic to the category at 65.3M average monthly visits from February to June 2019.



³ Website traffic analysis (produced by SimilarWeb), 2019

Buy now pay later continues to gain in popularity

The number of credit cards issued dropped more than 1.5M⁴, while Buy now pay later (BNPL) options gained share in FY19.

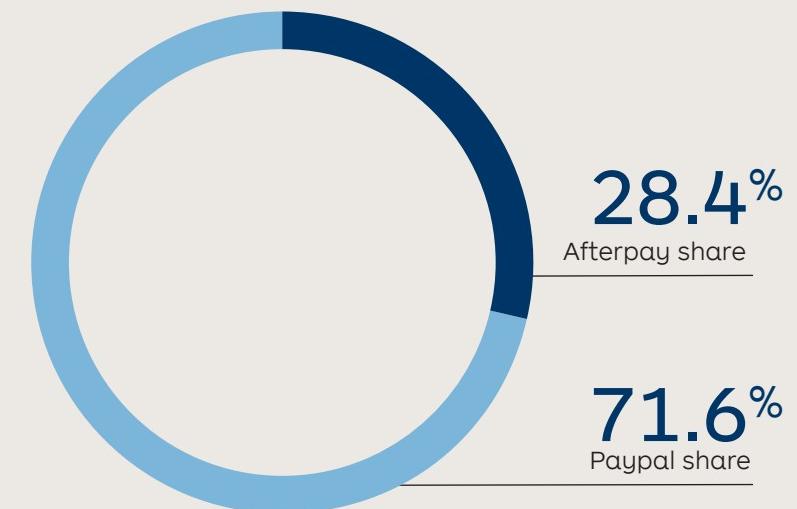
From February to June 2019, paypal.com received the highest share of total outbound traffic from the top 100 shopping sites in Australia, at 27.9%. Afterpay.com on the other hand received only 1.7%. While the discrepancy seems significant, it is worth noting for the same time period in 2018, paypal.com experienced a slight decrease YOY with 28.8% traffic share. In comparison, afterpay.com increased 1.4 percentage points (from 0.3 to 1.7%).

Of the top 100 sites, 34 send traffic to both paypal.com and afterpay.com; with total traffic amounting to approximately 1.5M visits. afterpay.com received an impressive 28.4% of this traffic share.⁵



% of total incoming referral traffic volume from shared sites

Australia, Desktop & Mobile Web Data, Feb – Jun 2019⁵



⁴ Credit and Charge Cards – Personal Cards, RBA 2019

⁵ Website traffic analysis (produced by SimilarWeb), 2019



Sales events

While 2018 saw the rise of Black Friday and Cyber Monday as the largest sales event for online shopping, the first half of 2019 saw strong growth for the more established sales events such as EOFY, Mother's Day and Valentine's Day.

Established sales events are becoming popular online, growing by 17.6% in the first half 2019, 3.6 percentage points above the average.

In comparison, sales events like May Mayhem and AfterYay Day grew by 15.7% YOY.

The number of purchases outside of sales events grew at 13.3% YOY.



Established sales

EOFY
Mother's Day
Valentine's Day



Contemporary sales

May Mayhem
AfterYay Day



Non-sales events

Number of purchases, YOY growth (14% average)

17.6%

15.7%

13.3%

The largest shopping event in the first six months of the calendar year is still **May Mayhem**, however the EOFY sales are rapidly catching up.



Black Friday and Cyber Monday web traffic and engagement

As we move into the next half of 2019, the focus, as you'd expect, is on the largest sales events of the year.

Analysing traffic to the top 100 shopping sites in Australia during 1 October to 22 November in 2018 was used as a comparative baseline for Black Friday (23 November) and Cyber Monday (26 November).⁶

Black Friday had a much bigger impact on browsing habits with lower bounce rate⁷ and higher browsing time than Cyber Monday.

Average volume of daily traffic on Black Friday was up 37.1% over the baseline, before dropping off by 16.3% on Cyber Monday. Still, Cyber Monday traffic sat 14.7% higher than the baseline. This drop indicates a clear sales hangover from Black Friday to Cyber Monday.

⁶ Website traffic analysis (produced by [SimilarWeb](#)), 2019

⁷ Bounce rate represents the percentage of visitors who enter a site and then leave after visiting one page.

In terms of engagement: pages-per-visit, time-on-site, and bounce rate all saw significant improvements from the baseline to Black Friday. Pages-per-visit increased by 4.9%, time-on-site increased by 6.1%, and bounce rate decreased by 1.4%.

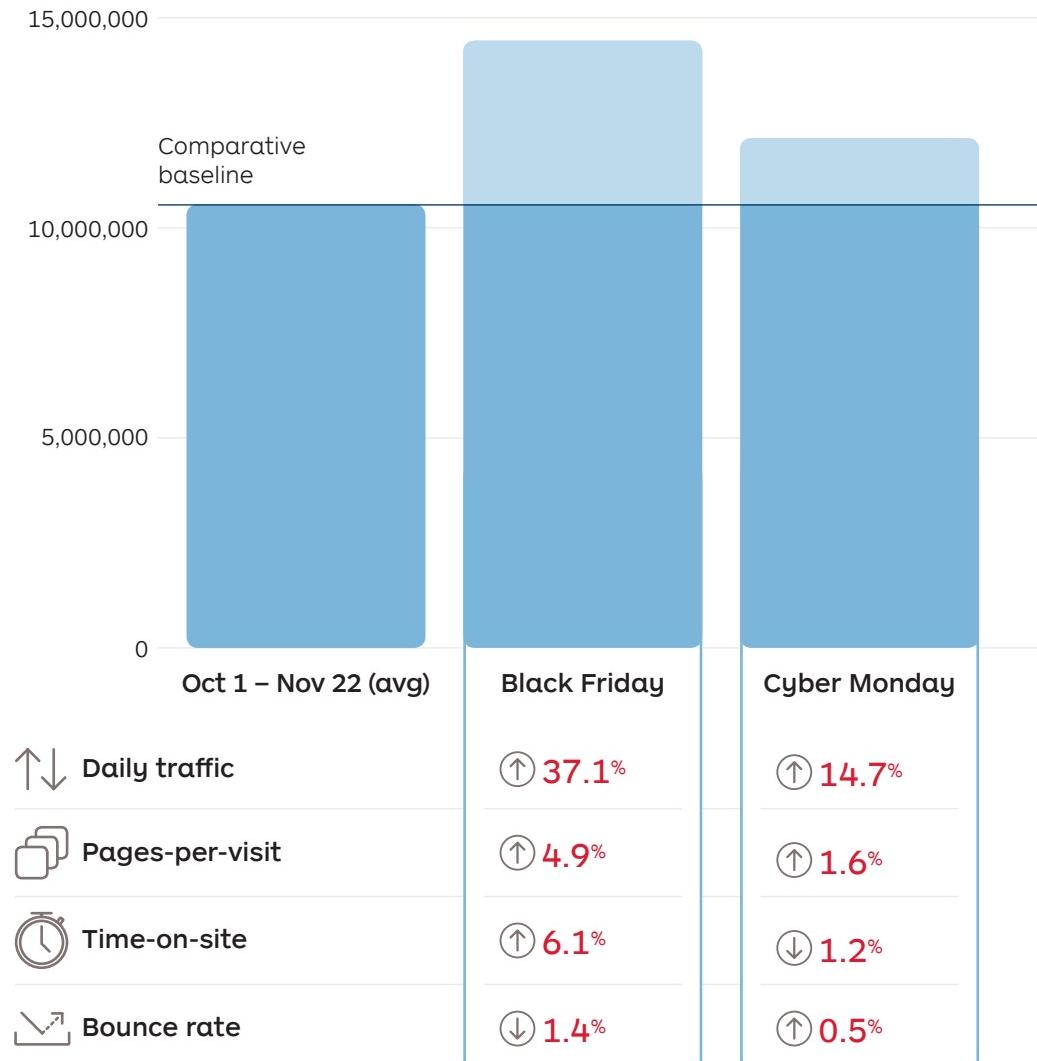
There was a downtrend in these metrics heading into Cyber Monday, with a 3.1% decrease in pages-per-visit, a 6.9% decrease in time-on-site, and a 1.9% increase in bounce rate. Cyber Monday engagement also paled in comparison relative to the baseline in terms of time-on-site and bounce rate. Time-on-site was 1.2% lower, and bounce rate was 0.5% higher.

By looking at the engagement levels across the two major sales events, it is clear how important it is to be ready for Black Friday.



Daily traffic to top 100 Shopping Sites

Australia, Desktop & Mobile Web Data, Oct – Nov 2018⁸



⁸ Website traffic analysis (produced by SimilarWeb), 2019

What this means for the rest of 2019

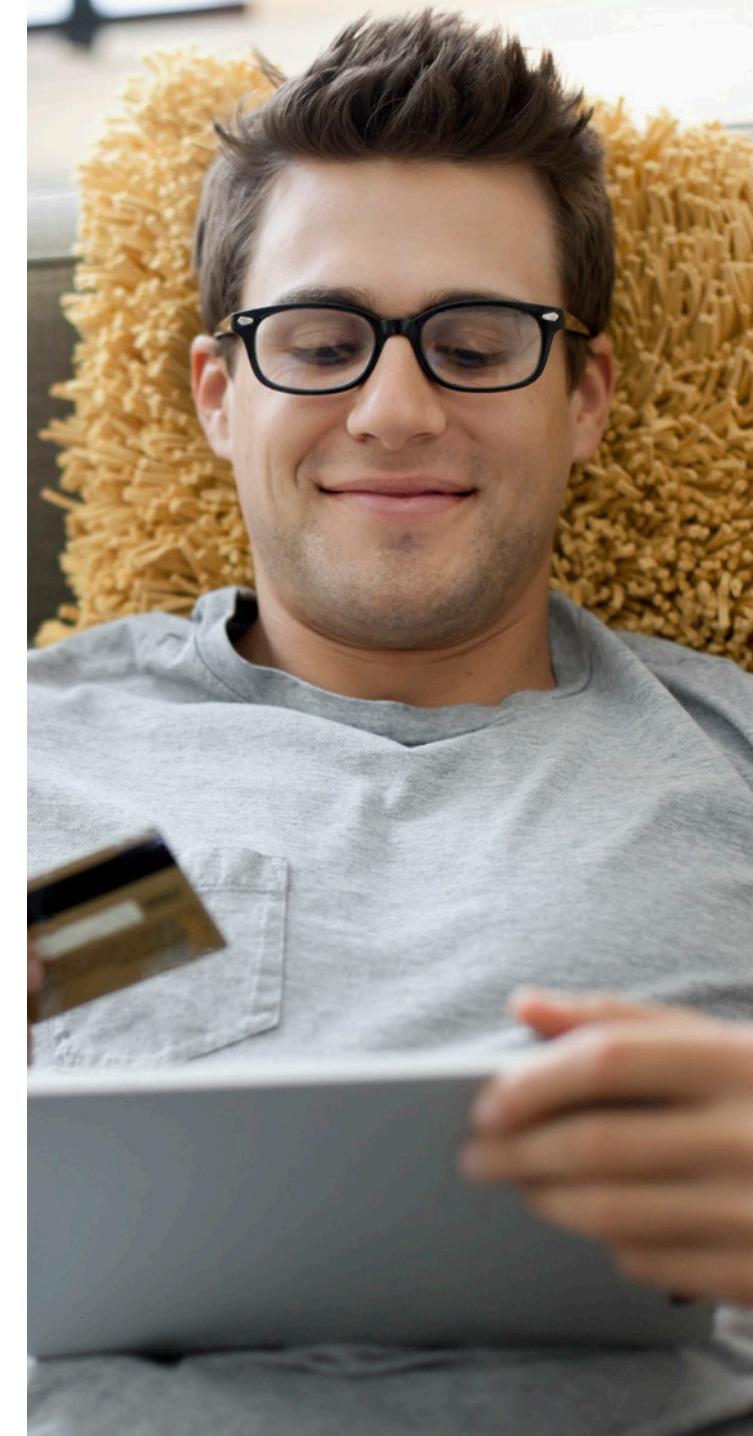
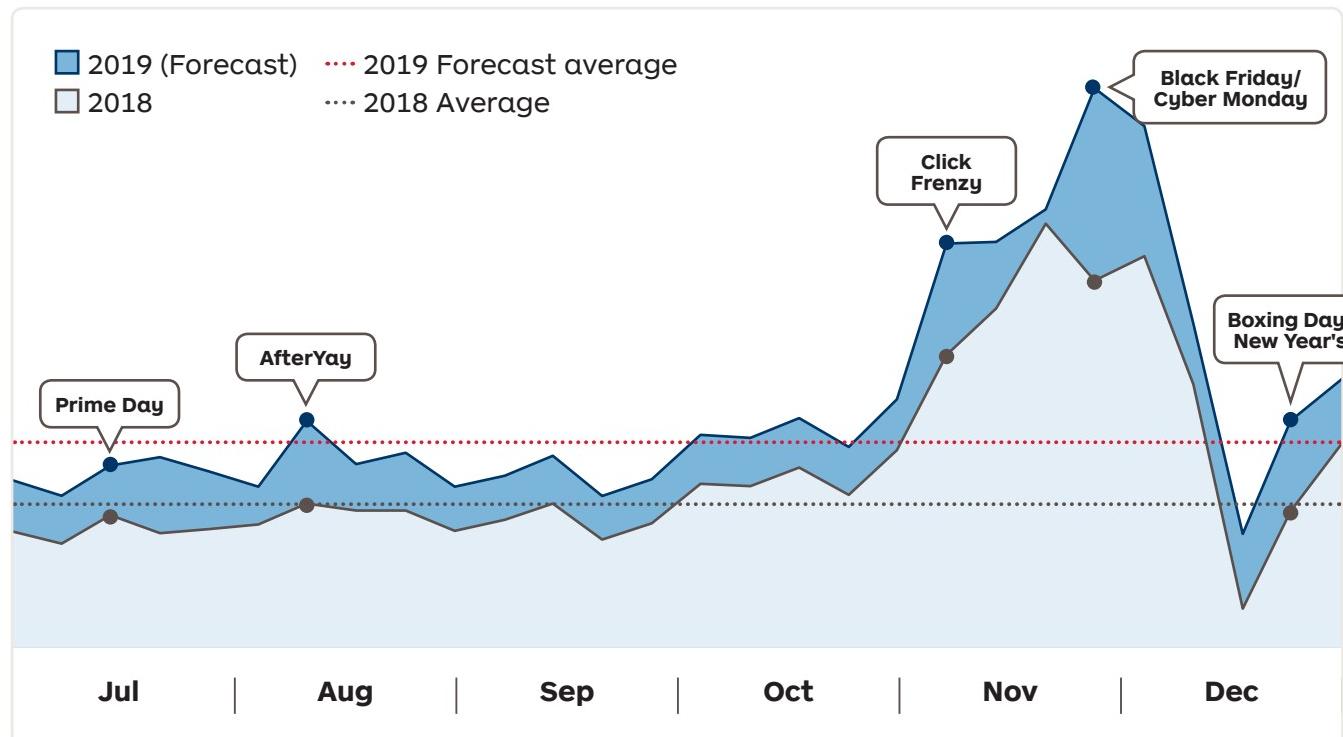
As we move towards the largest shopping events of the year, online shopping is just starting to ramp up.

Black Friday and Cyber Monday will overflow into the first week of December, likely making this the biggest online shopping week of the year.

There is a two week gap between Click Frenzy and Black Friday. Expect to see extended sales in this period to snap up shoppers before the Christmas season.

The sales effect

Number of online purchases





Next day deliveries grew in the second half of 2018 by a whopping

35% YOY

How you can prepare

- Get in early to secure market share as customers shop earlier and competition intensifies.
- Make allowances for the extended sales periods compared to previous years.
- Keep an eye on stock levels, resources and manage customer expectations.
- Take the opportunity to move old stock.
- Balance shoppers' expectations of substantial discounts by increasing basket size through threshold-based shipping offers, such as free express shipping.
- Manage returns with a clear and up-front policy and a reasonable returns timeframe.

Key tip: Offer threshold-based express shipping options to increase basket size and conversion.



About Australia Post

With an unrivalled retail and delivery network, we're helping to make it easier for you to connect with your customers, and find new ones both here and overseas.

Through our suite of eCommerce-driven logistics, supply chain and parcel delivery solutions, we can help you to provide seamless eCommerce delivery experiences, from checkout to delivery.

To find out how we can help your business go further, sooner, visit us online at auspost.com.au

This report has been prepared using deliveries data recorded by the Australia Post Group in financial years 2019 and 2018, unless otherwise stated. Commentary in this report relating to online shopping is based on an extrapolation of this data. Year-on-year growth numbers are based on actual or extrapolated transaction volumes.

References to sales events are based on data recorded for the full week the event occurred compared to the equivalent period the year prior.

This report is provided for general information purposes only and is not intended to be specific advice for your business.